MULTIMEDIA UNIVERSITY

STUDENT ID NO

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FINAL EXAMINATION

TRIMESTER 3, 2017 / 2018

LFC 1017 – FUNDAMENTALS OF STRATEGIC COMMUNICATION

(All Groups)

30 MAY 2018
2:30 P.M. – 4:30 P.M.
(2 Hours)

INSTRUCTIONS TO STUDENTS

1. This question paper consists of **FOUR** printed pages with **TWO** sections only.
2. Answer **ALL** questions.
3. Write your answers in the **Answer Booklet** provided.

SECTION A (23 MARKS)

Instruction: Answer all questions.

1. Falkheimer (2018) states that "communication is often regarded as... simple, at bottom just a matter of disseminating information.... Communication seen as a linear process between a sender and receivers – predominates." Explain through examples:

   a) one (1) main issue with the transmission model in today's communication for a successful organisation. (3 marks)

   b) the two methods to be used by organisation if its employees appear not to have understood the message. (4 marks)

2. It is said that strategic communication is "Communication that is completely consistent with the firm's overall strategy and that enhances the strategic positioning of the corporation."

   a) Below are two basic elements of effective strategic communication messaging. Explain these two elements with an example for each.

      i) Leaders to use organisation's mission statement as the blueprint for communication (3 marks)

      ii) Management and employees to identify key major themes of effective strategic communication messaging (3 marks)

   b) Falkheimer (2018) mentions the values of strategic communication are found in organisational crises, societal trust and democracy, and public diplomacy. Discuss these values through suitable examples from an organisation. (6 marks)

3. According to Cornelissen (2017), "Corporate communication is a management function that offers a framework for the effective coordination of all internal and external communication with the overall purpose of establishing and maintaining favourable reputations with stakeholder groups upon which the organisation is dependent".

   Cornelissen further states that these characteristics of corporate communication is that "...it is likely to be complex in nature." Explain, through examples, three complexities of corporate communication. (4 marks)

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SECTION B (27 MARKS)

Instruction: Read the case below and answer the questions that follow.

What's Wrong with Large Sizes?

Abercrombie & Fitch has been a well-known retail-clothing store for more than a century. However, since its inception in 1892, the brand image has changed drastically. Over the past several years, customers' perception of the company has changed. What was once viewed as a popular clothing chain is now viewed as being notorious for multiple scandals; the most significant being its refusal to sell clothing for large women. As Abercrombie & Fitch's publicity grew, the company began to experience more lawsuits. In 2004, negative attention was drawn to the company for its discriminatory hiring practices. The store was accused of employing sorority and fraternity type men and women, even if other applicants of various backgrounds were just as, if not more, qualified.

> "In every school, there are the cool and popular kids, and then there are the not-so-cool kids . . . candidly, we go after the cool kids. We go after the attractive all-American kid with a great attitude and a lot of friends. A lot of people don't belong [in our clothes], and they can't belong. Are we exclusionary? Absolutely," says Mike Jeffries, CEO, Abercrombie & Fitch.

These comments from Jeffries and the lack of large sizes caused an outrage among the public and marked the beginning of the crisis. Originally, Abercrombie & Fitch chose to respond to these verbal assaults by using the corporate silence approach. This entailed that the company "aimed at avoiding organisational 'ownership' of the reputational threats" by not making any comments. On May 9, 2013, 18-year-old Benjamin O'Keefe created a petition on change.org that called for a boycott of the company until Jeffries apologised and sold larger sizes. His petition obtained almost 80,000 signatures, by strategically using emotion to induce action. On May 19, 2013, Jeffries responded and posted an apology on Facebook

> "I want to address some of my comments that have been circulating from a 2006 interview. While I believe this 7-year-old resurrected quote has been taken out of context, I sincerely regret that my choice of words was interpreted in a manner that has caused offense. A&F is an aspirational brand that, like most specialty apparel brands, targets its marketing at a particular segment of customers. However, we care about the broader communities in which we operate and are strongly committed to diversity and inclusion. We hire good people who share these values. We are completely opposed to any discrimination, bullying, derogatory characterisations or other anti-social behaviour based on race, gender, body type or other individual characteristics".

However, some did not accept Jeffries' excuse, while many others acted in disbelief. Throughout this time nearly a million people posted on Facebook and Twitter noting their concerns, not including the many articles published

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in *Business Insider*, *The Huffington Post*, and *Forbes*. The scandal took on a life of its own and caused Abercrombie & Fitch's stock price to decline. According to its website, the stock share dropped from USD$58 to USD$26 after the six-month crisis period. Less than a month later, the company published an anti-bullying press release that mirrored their previous sentiments and demonstrated the direction they planned to take moving forward. In response to the press release, Berman (2013) from Huffington Post issued the following:

"It will take more than just an anti-bullying campaign to change his [Benjamin O'Keefe] mind about the company; he'd like to see a public commitment from Abercrombie to stock larger sizes for women as well as to include plus-sized models in its advertising."

To make things worse, Bloomberg published an article containing information from Engaged Capital, a hedge fund that owns a share in Abercrombie & Fitch, pressing Jeffries to leave the company. There may be multiple reasons behind this action; however, the decline in stock prices caused by Jeffries' comments certainly factored into this decision. Abercrombie & Fitch responded to this demand by first issuing a press release about Jeffries' new contract where he was not only paid less, but also stripped of his title as chairman. Despite these explanations, no immediate action was taken to reprimand the company or Jeffries. Furthermore, it was only about half a year later that Abercrombie & Fitch finally mobilised, releasing recommendations that they would sell larger sizes. Jeffries departure did not come until a year later on December 9, 2014, when he retired. These enactments happened months after the scandal leaked, and therefore played no part in calming the public backlash.

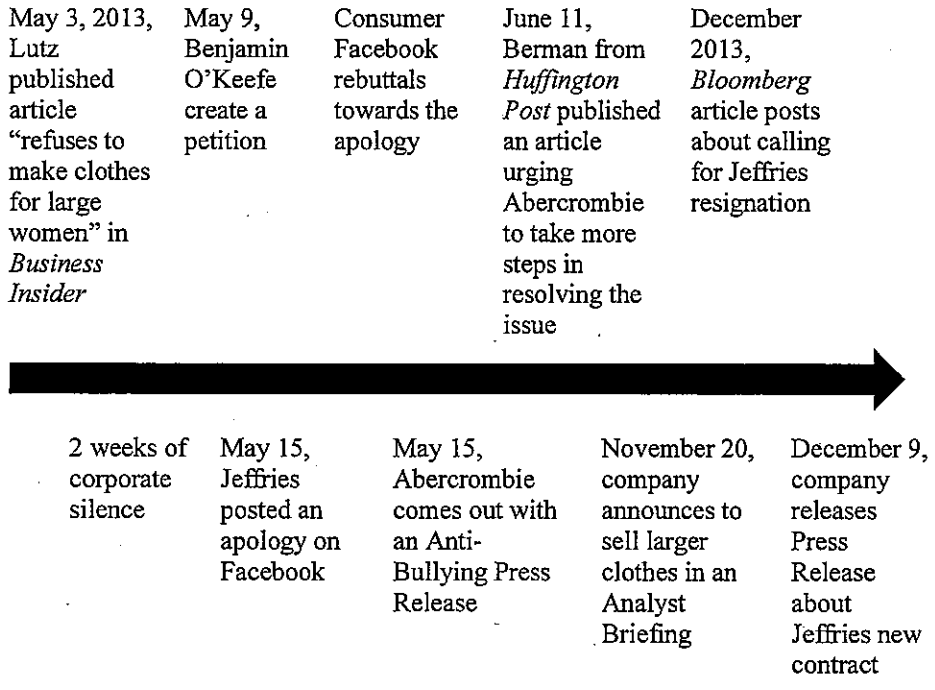
May 3, 2013, Lutz published article "refuses to make clothes for large women" in *Business Insider*
May 9, Benjamin O'Keefe create a petition
Consumer Facebook rebuttals towards the apology
June 11, Berman from *Huffington Post* published an article urging Abercrombie to take more steps in resolving the issue
December 2013, *Bloomberg* article posts about calling for Jeffries resignation
2 weeks of corporate silence
May 15, Jeffries posted an apology on Facebook
May 15, Abercrombie comes out with an Anti-Bullying Press Release
November 20, company announces to sell larger clothes in an Analyst Briefing
December 9, company releases Press Release about Jeffries new contract

Figure 1: Timeline illustrating how Abercrombie & Fitch responded to a crisis

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Questions

a) Explain the four stages of introduction, consumer response, company action and resolution, which marked Abercrombie & Fitch's strategic communication failure?
   i) Introduction (3 marks)
   ii) Consumer response (3 marks)
   iii) Company action (3 marks)
   iv) Resolution (3 marks)

b) Cornelissen (2017) mentioned seven processes of planning communication programmes and campaigns. Based on the case, explain five of the processes mentioned by Cornelissen that would help Abercrombie & Fitch to better manage its brand reputation in facing a crisis. (15 marks)

End of Paper